

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1387-01  
Bill No.: HB 475  
Subject: Education, Elementary and Secondary: Teachers  
Type: Original;  
Date: February 23, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
General Revenue	\$0	(\$2,842,457)	(\$2,913,518)
Missouri Minimum Teacher Salary	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>(\$2,842,457)</b>	<b>(\$2,913,518)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>School Districts</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **State Treasurer's Office** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** estimate the fiscal impact as follows:

(a) Cost of raising minimum salary to \$22,000 is estimated to be \$2,401,332 beginning FY 2003;

(b) Salary supplement estimate:	\$2,401,332
Retirement match estimate:	<u>X 10.5%</u>
Total estimate:	\$2,653,472

(c) This cost will vary somewhat with each year but on a statewide basis the cost is not anticipated to vary significantly. Therefore, this same amount is used for FY 2004.

(d) The cost of the increase will be paid from additional General Revenue appropriations into the newly created Missouri Minimum Teacher Salary Fund.

(e) DESE will incur an IT impact because a program will need to be developed that identifies teachers from the Core Data system for whom the state would need to pay a supplement. The bill also requires some comparisons to be made to salaries the district paid before this supplemental program became effective. This work is estimated to cost approximately \$8,000. The **Oversight Division** assumes DESE could absorb this additional cost.

The **Oversight Division** has calculated fringe benefits at 18.37% to include retirement, FICA, unemployment and worker's compensation on the salary increases. A 2.5% inflation rate was also used.

FY 2003:  $\$2,401,332 \times .1837 = \$441,125$ ;  $\$2,401,332 + \$441,125 = \$2,842,457$

FY 2004:  $\$2,842,457 \times 1.025 = \$2,913,518$

### FISCAL IMPACT - State Government

FY 2002  
(10 Mo.)

FY 2003

FY 2004

### **GENERAL REVENUE FUND**

#### Cost-General Revenue Fund

Appropriation to the Missouri Minimum  
Teacher Salary Fund

\$0

(\$2,842,457)

(\$2,913,518)

GVB:LR:OD (12/00)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**MISSOURI MINIMUM TEACHER  
SALARY FUND**

Income-Missouri Minimum Teacher  
Salary Fund

Appropriation from General Revenue	\$0	\$2,842,457	\$2,913,518
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Cost-Department of Elementary and  
Secondary Education (DESE)

Reimbursement to School Districts	\$0	(\$2,842,457)	(\$2,913,518)
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<b>ESTIMATED NET EFFECT ON MISSOURI MINIMUM TEACHER SALARY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**SCHOOL DISTRICTS**

Income-School Districts

Reimbursement from DESE	\$0	\$2,842,457	\$2,913,518
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Cost-School Districts

Minimum Salaries	\$0	(\$2,401,332)	(\$2,461,365)
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Fringe Benefits	<u>\$0</u>	<u>(\$441,125)</u>	<u>(\$452,153)</u>
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Total <u>Cost-School Districts</u>	\$0	(\$2,842,457)	(\$2,913,518)
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<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

The proposal would raise the minimum teacher's salary beginning in school year 2002-2003 from \$18,000 to \$22,000. The minimum salary would be increased by the lesser of 3% or the consumer price index each year until reaching the national average for beginning teachers and then increased annually to remain at the national average.

The minimum salary of \$24,000 for full-time teachers with a master's degree and ten years teaching experience would be repealed.

Beginning with the 2002-03 school year, the General Assembly would make an annual appropriation to the Missouri Minimum Teacher Salary Fund to fulfill minimum salary requirements. The appropriation would be sufficient to ensure that all districts are able to comply with the minimum salary requirements. DESE would only pay the difference between the prior minimum salary and the minimum salary included in the proposal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal would not affect Total State Revenue.

### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
State Treasurer's Office



Jeanne Jarrett, CPA  
Director  
February 23, 2001